

AMENDED IN ASSEMBLY AUGUST 7, 2006

AMENDED IN SENATE APRIL 20, 2006

SENATE BILL

No. 1230

Introduced by Senator Florez

February 6, 2006

~~An act to add Section 14071.1 to the Corporations Code, to add Section 63040.5 to the Government Code, and to add and repeal Section 40602.5 of, and to~~ *An act to add and repeal Section 63040.5 of the Government Code, and to add and repeal Chapter 5.8 (commencing with Section 40610) of Part 3 of Division 26 of, the Health and Safety Code, relating to air pollution.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1230, as amended, Florez. San Joaquin Valley Clean Air Enterprise-~~Zones~~ *Zone Program*.

(1) Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution, and air pollution control districts and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law establishes the San Joaquin Valley Unified Air Pollution Control District, consisting of the Counties of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare, and that portion of the County of Kern that is within the San Joaquin Valley Air Basin, and requires the district to adopt and enforce rules and regulations to achieve and maintain ambient air quality standards, as provided.

Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act, creates the California Infrastructure and Economic Development Bank and gives it the authority to provide funding under specified criteria. ~~The existing California Small Business Financial Development Corporation Law creates nonprofit California small business financial development corporations and gives them authority to provide loan guarantees, under specified conditions.~~

This bill would require the California Infrastructure and Economic Development Bank, in consultation with the San Joaquin Valley Unified Air Pollution Control District, to establish a program to grant low-interest loans, upon appropriation of funds for that purpose by the Legislature, to finance capital expenditures in the San Joaquin Valley Unified Air Pollution Control District that are likely to have substantial air quality benefits, as specified. ~~The bill would also require that 15% of the funds available under the California Small Business Financial Development Corporation Law, upon appropriation by the Legislature, be used for the support of loan guarantees that finance capital expenditures, as specified.~~

The bill would establish the *San Joaquin Valley Clean Air Enterprise Zone Program* in the state board for the purpose of ~~creating~~ *of one or more clean air enterprise zones, as defined, within designating within* the geographic boundaries of the San Joaquin Valley Unified Air Pollution Control District ~~in order a clean air enterprise zone~~ to provide incentives for owners of *mobile and* stationary sources of air pollution to invest in air pollution control equipment that produces surplus and quantifiable emission reductions, as provided. The bill would permit the ~~Business, Transportation and Housing Agency to propose any area in the district as~~ *district to apply for designation as* a clean air enterprise zone, ~~and would require the agency to submit those proposals to the state board for certification of those areas as clean air enterprise zones.~~ The bill would require the state board to ~~certify an area~~ *designate the district* as a clean air enterprise zone if specified requirements are met. Upon ~~certification~~ *designation of an area* the district as a clean air enterprise zone, the bill would require the state board and the district to enter into enforceable agreements with any interested owner of a stationary source of air pollution within the clean air enterprise zone to perform specified functions in exchange for expedited permit review and eligibility for the loan ~~programs~~ *program* described above, as

specified. The bill would provide that ~~specified its~~ provisions would be repealed on January 1, 2010. Because this bill would ~~require impose prescribed duties on~~ the San Joaquin Valley Unified Air Pollution Control District ~~to perform specified functions~~, this bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 14071.1 is added to the Corporations~~
2 ~~Code, to read:~~
3 ~~14071.1. Notwithstanding any other provision of this chapter,~~
4 ~~until July 1, 2010, 15 percent of all funds available under this~~
5 ~~chapter, upon appropriation by the Legislature, shall be used for~~
6 ~~the support of loan guarantees that finance capital expenditures~~
7 ~~that are likely to have substantial air quality benefits and meet the~~
8 ~~requirements of subdivision (b) of Section 63040.5 of the~~
9 ~~Government Code.~~

10 ~~SEC. 2.~~

11 *SECTION 1.* Section 63040.5 is added to the Government
12 Code, to read:

13 63040.5. (a) Notwithstanding any other provision of this
14 division, the bank, in consultation with the San Joaquin Valley
15 Unified Air Pollution Control District, shall establish a program
16 to grant low-interest loans, upon appropriation by the Legislature
17 of funds for that purpose, to finance capital expenditures in the
18 San Joaquin Valley Unified Air Pollution Control District that
19 are likely to have substantial air quality benefits, including
20 renewable energy investments.

21 (b) No loan shall be made unless all of the following
22 requirements are met:

(1) The borrower meets income, credit, net worth, and other underwriting standards established by the bank.

(2) Alternative sources for funding the capital expenditure are not readily available.

(3) The state tax incentives are not substantial enough, in the discretion of the bank and the San Joaquin Unified Air Pollution Control District, to justify self-financing of the capital expenditure.

(4) The borrower has entered into an enforceable agreement pursuant to Section 40613 of the Health and Safety Code.

(c) This section shall remain in effect until January 1, 2010, and as of that date is repealed, unless a later enacted statute extends or repeals that date.

~~SEC. 3. Section 40602.5 is added to the Health and Safety Code, to read:~~

~~40602.5. (a) The district shall establish an expedited permit review process for each owner of any stationary source of air pollution that enters into an enforceable agreement with the state board and the district, pursuant to Section 40613.~~

~~(b) This section shall remain in effect until January 1, 2010, and as of that date is repealed, unless a later enacted statute extends or repeals that date.~~

~~SEC. 4. Chapter 5.8 (commencing with Section 40610) is added to Part 3 of Division 26 of the Health and Safety Code, to read:~~

~~CHAPTER 5.8. SAN JOAQUIN VALLEY CLEAN AIR ENTERPRISE
ZONES~~

~~40610. For the purpose of this chapter, “clean air enterprise zone” means an area that meets all of the following criteria:~~

~~(a) The area is located within the San Joaquin Valley Unified Air Pollution Control District.~~

~~(b) The area is in compliance with all ambient air quality standards set by the state board for the San Joaquin Valley Air Basin pursuant to Section 39606 and regulations adopted thereunder.~~

~~40611. The Clean Air Enterprise Zone Program is hereby established in the state board for the purpose of creating of one or more clean air enterprise zones, as defined in Section 40610;~~

1 within the geographic boundaries of the San Joaquin Valley
2 Unified Air Pollution Control District to provide incentives for
3 owners of mobile and stationary sources of air pollution to invest
4 in air pollution control equipment that produces surplus and
5 quantifiable emission reductions exceeding requirements
6 established under this part and any regulations established
7 thereunder.

8 40612. — (a) The Business, Transportation and Housing
9 Agency, in consultation with the San Joaquin Valley Unified Air
10 Pollution Control District and any other interested party, may
11 propose any area in the San Joaquin Valley Unified Air Pollution
12 Control District as a clean air enterprise zone, and shall submit
13 those proposals to the state board for certification of those areas
14 as clean air enterprise zones.

15 (b) The state board, in a duly noticed public meeting, shall
16 certify each area proposed by Business, Transportation and
17 Housing Agency as a clean air enterprise zone if both of the
18 following requirements are met:

19 (1) The state board finds all of the following:

20 (A) The San Joaquin Valley Unified Air Pollution Control
21 District is currently a serious nonattainment area for particulate
22 matter.

23 (B) The San Joaquin Valley Unified Air Pollution Control
24 District is currently a severe or extreme nonattainment area for
25 ozone.

26 (C) There are insufficient incentives available to the owners of
27 stationary sources of air pollution within the proposed area to
28 promote air pollution equipment replacement and modernization
29 beyond that required by law.

30 (2) The area meets the definition of a clean air enterprise zone
31 set forth in Section 40610.

32 40613. — (a) The state board and the San Joaquin Valley
33 Unified Air Pollution Control District shall enter into an
34 enforceable agreement with any interested owner of any
35 stationary source of air pollution within a clean air enterprise
36 zone that does all of the following:

37 (1) Requires the owner of the stationary source of air pollution
38 to invest in, and maintain for its rated lifetime, air pollution
39 control equipment that reduces pollution at least thirty percent
40 beyond that otherwise required, or in the alternative, replace old

1 ~~air pollution equipment at least fifty percent sooner than~~
2 ~~otherwise required.~~

3 ~~(2) Requires the owner of the stationary source of air pollution~~
4 ~~to scrap any air pollution control equipment replaced.~~

5 ~~(b) The San Joaquin Valley Unified Air Pollution Control~~
6 ~~District shall distribute an informational brochure that contains~~
7 ~~all available tax credits, low-interest loans, and all other financial~~
8 ~~incentives, authorized by law or regulation, to each interested~~
9 ~~owner of any stationary source of air pollution.~~

10 ~~40614. This chapter shall remain in effect until January 1,~~
11 ~~2010, and as of that date is repealed, unless a later enacted statute~~
12 ~~extends or repeals that date.~~

13 *SEC. 2. Chapter 5.8 (commencing with Section 40610) is*
14 *added to Part 3 of Division 26 of the Health and Safety Code, to*
15 *read:*

16
17 *CHAPTER 5.8. SAN JOAQUIN VALLEY CLEAN AIR ENTERPRISE*
18 *ZONE PROGRAM*

19
20 *40610. The San Joaquin Valley Clean Air Enterprise Zone*
21 *Program is hereby established in the state board, for the purpose*
22 *of designating a clean air enterprise zone consisting of the area*
23 *within the geographical boundaries of the San Joaquin Valley*
24 *Unified Air Pollution Control District, to provide incentives for*
25 *owners of mobile and stationary sources of air pollution to invest*
26 *in air pollution control equipment that produces surplus and*
27 *quantifiable emission reductions exceeding requirements and*
28 *regulations established under this part.*

29 *40611. (a) The San Joaquin Valley Unified Air Pollution*
30 *Control District may apply for designation as a clean air*
31 *enterprise zone by submitting a letter of intent to the state board.*

32 *(b) The state board, in a duly noticed meeting, shall designate*
33 *the district as a clean air enterprise zone if the state board*
34 *certifies, based on state air quality standards that the district is,*
35 *at the time of the submission of the letter of intent, both of the*
36 *following:*

37 *(1) A nonattainment area for airborne PM 2.5.*

38 *(2) A serious, severe, or extreme nonattainment area for*
39 *ozone.*

1 40612. (a) If the San Joaquin Valley Unified Air Pollution
2 Control District is designated by the state board as a clean air
3 enterprise zone, the state board and the district shall enter into
4 enforceable agreements with interested owners of stationary
5 sources of air pollution. Each agreement shall do both of the
6 following:

7 (1) Require the owner of the stationary source to invest in, and
8 maintain for its rated lifetime, air pollution control equipment
9 that reduces pollution at least 30 percent beyond that otherwise
10 required by existing laws and regulations, or to replace old air
11 pollution equipment at least 50 percent sooner than otherwise
12 required by existing laws and regulations.

13 (2) Require the owner of the stationary source of air pollution
14 to properly dispose of any air pollution control equipment
15 replaced.

16 (b) As part of the expedited permit program created pursuant
17 to Section 42322, the district shall provide for an expedited
18 permit process for owners of stationary sources of air pollution
19 that enter into enforceable agreements with the state board and
20 the district pursuant to this section.

21 (c) The district, upon being designated as a clean air
22 enterprise zone, shall distribute an informational brochure that
23 describes all available tax credits, low-interest loans, and all
24 other financial incentives authorized by laws or regulations, to
25 each interested owner of a stationary source of air pollution.

26 40613. This chapter shall remain in effect until January 1,
27 2010, and as of that date is repealed, unless a later enacted
28 statute extends or repeals that date.

29 ~~SEC. 5.~~

30 SEC. 3. The Legislature finds and declares that a special law
31 is necessary and that a general law cannot be made applicable
32 within the meaning of Section 16 of Article IV of the California
33 Constitution because of the unique difficulties faced by the San
34 Joaquin Valley Unified Air Pollution Control District in
35 attempting in good faith to preserve its air quality, and the
36 uniquely severe public consequences that would be faced by the
37 counties located in the San Joaquin Valley in the absence of the
38 relief provided by this act.

1 ~~SEC. 6.~~

2 *SEC. 4.* No reimbursement is required by this act pursuant to
3 Section 6 of Article XIII B of the California Constitution because
4 a local agency or school district has the authority to levy service
5 charges, fees, or assessments sufficient to pay for the program or
6 level of service mandated by this act, within the meaning of
7 Section 17556 of the Government Code.

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